

**Introduced by Senator Calderon**

February 22, 2013

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An act to amend Section 127405 of the Health and Safety Code, relating to hospitals.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 799, as introduced, Calderon. Hospitals: fair pricing.

Existing law requires each hospital to maintain an understandable written policy regarding discount payments for financially qualified patients as well as an understandable written charity care policy. Uninsured patients or patients with high medical costs who are at or below 350% of the federal poverty level, as defined, are eligible to apply for participation under a hospital's charity care policy or discount payment policy.

This bill would make a technical, nonsubstantive change to that provision.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 127405 of the Health and Safety Code
- 2     is amended to read:
- 3     127405. (a) (1) (A) Each hospital shall maintain an
- 4     understandable written policy regarding discount payments for
- 5     financially qualified patients as well as an understandable written
- 6     charity care policy. Uninsured patients or patients with high
- 7     medical costs who are at or below 350 percent of the federal
- 8     poverty level, as defined in subdivision (b) of Section 127400,

1 shall be eligible to apply for participation under a hospital's charity  
2 care policy or discount payment policy. Notwithstanding any other  
3 provision of this article, a hospital may choose to grant eligibility  
4 for its discount payment policy or charity care policies to patients  
5 with incomes over 350 percent of the federal poverty level. Both  
6 the charity care policy and the discount payment policy shall state  
7 the process ~~used by~~ the hospital *uses* to determine whether a patient  
8 is eligible for charity care or discounted payment. In the event of  
9 a dispute, a patient may seek review from the business manager,  
10 chief financial officer, or other appropriate manager as designated  
11 in the charity care policy and the discount payment policy.

12 (B) The written policy regarding discount payments shall also  
13 include a statement that an emergency physician, as defined in  
14 Section 127450, who provides emergency medical services in a  
15 hospital that provides emergency care is also required by law to  
16 provide discounts to uninsured patients or patients with high  
17 medical costs who are at or below 350 percent of the federal  
18 poverty level. This statement shall not be construed to impose any  
19 additional responsibilities upon the hospital.

20 (2) Rural hospitals, as defined in Section 124840, may establish  
21 eligibility levels for financial assistance and charity care at less  
22 than 350 percent of the federal poverty level as appropriate to  
23 maintain their financial and operational integrity.

24 (b) A hospital's discount payment policy shall clearly state  
25 eligibility criteria based upon income consistent with the  
26 application of the federal poverty level. The discount payment  
27 policy shall also include an extended payment plan to allow  
28 payment of the discounted price over time. The policy shall provide  
29 that the hospital and the patient may negotiate the terms of the  
30 payment plan.

31 (c) The charity care policy shall state clearly the eligibility  
32 criteria for charity care. In determining eligibility under its charity  
33 care policy, a hospital may consider income and monetary assets  
34 of the patient. For purposes of this determination, monetary assets  
35 shall not include retirement or deferred compensation plans  
36 qualified under the Internal Revenue Code, or nonqualified deferred  
37 compensation plans. Furthermore, the first ten thousand dollars  
38 (\$10,000) of a patient's monetary assets shall not be counted in  
39 determining eligibility, nor shall 50 percent of a patient's monetary

1 assets over the first ten thousand dollars (\$10,000) be counted in  
2 determining eligibility.

3 (d) A hospital shall limit expected payment for services it  
4 provides to a patient at or below 350 percent of the federal poverty  
5 level, as defined in subdivision (b) of Section 127400, eligible  
6 under its discount payment policy to the amount of payment the  
7 hospital would expect, in good faith, to receive for providing  
8 services from Medicare, Medi-Cal, the Healthy Families Program,  
9 or another government-sponsored health program of health benefits  
10 in which the hospital participates, whichever is greater. If the  
11 hospital provides a service for which there is no established  
12 payment by Medicare or any other government-sponsored program  
13 of health benefits in which the hospital participates, the hospital  
14 shall establish an appropriate discounted payment.

15 (e) A patient, or patient's legal representative, who requests a  
16 discounted payment, charity care, or other assistance in meeting  
17 his or her financial obligation to the hospital shall make every  
18 reasonable effort to provide the hospital with documentation of  
19 income and health benefits coverage. If the person requests charity  
20 care or a discounted payment and fails to provide information that  
21 is reasonable and necessary for the hospital to make a  
22 determination, the hospital may consider that failure in making its  
23 determination.

24 (1) For purposes of determining eligibility for discounted  
25 payment, documentation of income shall be limited to recent pay  
26 stubs or income tax returns.

27 (2) For purposes of determining eligibility for charity care,  
28 documentation of assets may include information on all monetary  
29 assets, but shall not include statements on retirement or deferred  
30 compensation plans qualified under the Internal Revenue Code,  
31 or nonqualified deferred compensation plans. A hospital may  
32 require waivers or releases from the patient or the patient's family,  
33 authorizing the hospital to obtain account information from  
34 financial or commercial institutions, or other entities that hold or  
35 maintain the monetary assets, to verify their value.

36 (3) Information obtained pursuant to paragraph (1) or (2) shall  
37 not be used for collections activities. This paragraph does not  
38 prohibit the use of information obtained by the hospital, collection  
39 agency, or assignee independently of the eligibility process for  
40 charity care or discounted payment.

- 1 (4) Eligibility for discounted payments or charity care may be
- 2 determined at any time the hospital is in receipt of information
- 3 specified in paragraph (1) or (2), respectively.

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